

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7300

BILL NUMBER: SB 540

NOTE PREPARED: Jan 12, 2005

BILL AMENDED:

SUBJECT: Application of Quality Review Standards.

FIRST AUTHOR: Sen. Young R Michael

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill changes the membership of the State Board of Accountancy. It permits individuals to receive certification as an accounting practitioner even if the State Board of Accountancy fails to establish the test required by law. It specifies conditions that the rules requiring quality reviews of certified public accountants and public accountants who perform attest functions. The bill indicates that accounting practitioners may perform compilations. It also changes to 2007 the renewal date for certain firm permits that would have expired in 2006.

Effective Date: Upon passage; November 12, 2004 (retroactive); July 1, 2005.

Explanation of State Expenditures: The Board of Accountancy may need to amend its rules. If an additional meeting of the Board is necessary to carry out the provisions of this bill, it would cost the Board approximately \$400. The Board is expected to meet eleven out of twelve months this year.

Explanation of State Revenues: The bill provides a one year extension to the renewal period for permits issued by the Board. This could delay the payment of renewal fees by permit holders. The renewal fee for CPAs, public accountants, and accounting practitioners is \$75, for firms is \$30, and for corporations is \$20. As of September 2004, the Professional Licensing Agency reported there were a total of 11,116 active permits issued by the Board. It is unknown the exact fiscal impact as it is dependent on the number of permits that are renewed as well as the different fees for the various permits. The revenue generated by the permit fees and other related fees is provided below. FY 2003 was the most recent renewal year.

Fiscal Year	Board of Accountancy Revenue to the General Fund
2000	\$191,351
2001	\$262,420
2002	\$46,923
2003	\$402,957
2004	\$209,101

Penalty Provision: The bill allows an individual or firm holding a valid accounting certificate to perform certain functions that were previously not permitted by state law. This reduces the pool of violations that could potentially be committed against accountancy law; such a violation is considered a Class A misdemeanor. When court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* When court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected: Professional Licensing Agency, Board of Accountancy.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Barb McNutt, Professional Licensing Agency.

Fiscal Analyst: Valerie Ruda, 317-232-9867.